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MEMORANDUM FOR: Deputy Director (Support)

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SUBJECT : Source Material for Speeches on Office of the DD/S

1. Suggested source material for speeches and answers to your questions concerning the Office of the Comptroller are covered in the order of your request:

a. The continuing basic mission of the Office of the Comptroller is that of providing to the Director and other operating officials of the Agency an evaluation of and advice on the implications of the proposed requirements for and actual uses of financial resources. To carry out this mission, the Comptroller has a long range program of developing and providing the best and most economical data possible to assist operating officials in their basic management problem of decision making. This comprehensive Financial Management Program involves six functions:

(1) Budgeting - to plan for, secure, and authorize the use of the resources required to accomplish the program objectives of the Agency.

(2) Accounting - to provide control over the use of the resources; and to provide financial data needed for planning and reporting.

(3) Pre-auditing - to determine, prior to payment, that funds are spent in accordance with applicable laws and regulations and that payments are in accordance with provisions of contracts, agreements, orders and other authorities.

(4) Payrolling - to payroll all employees of the Agency making appropriate deductions such as retirement, insurances, taxes and bonds and maintaining appropriate employee service records.

(5) Financial Analysis and Reporting - to analyze financial data and render financial reports to aid the Director

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(5) Financial Analysis and Reporting (Cont'd)

and other operating officials to draw conclusions and make decisions concerning the use of resources in the light of plans and accomplishments.

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b. The material included in paragraph 1.a. represents what is recommended for presentation by the DD/S to the CSR with a statement that the Office of the Comptroller representative would elaborate in more detail.

c. The points of particular emphasis which should be made by the DD/S are:

(1) The need for good accounting. The DD/S should emphasize the fact that very few decisions are made without considering the financial aspects which in most instances are based on accounting records; the better the financial data we have, the better decisions we can expect. Good accounting means the furnishing of adequate information with each transaction so that the accounting technicians can make accurate and timely records and reports.

(2) The need to discuss financial problems with Comptroller personnel. These personnel are professionally trained in the various aspects of the financial field. Operating personnel should take advantage of this knowledge and know-how in helping solve problems. They should seek aid in such problems as the development of budgets, the preparation of financial requirements for projects, and the funding of various activities and projects. Such action would avoid delays and, in some cases, costly reviews and adjustments.

(3) The need for timely compliance with requests for financial information. This is especially important when the requested information is to be consolidated into a summarized submission to the Director, the Bureau of the Budget, or the Congress. Delayed material or failure to receive material makes it impossible to prepare properly supported recommendations and could result in wrong decisions.

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(4) The need for more timely and better financial reports. Many of the financial reports prepared by this Agency are in compliance with the requirements of outside agencies such as NSC, Bureau of the Budget, and the Congress. However, the bulk of our reporting is to serve internal management needs. The operating offices are the only ones that can determine those needs. The Office of the Comptroller can assist but it is waste to turn out reports that do not serve management. Review the reports, comment on them, make them a vital part of your operating control system.

d. The points which require clarifying are:

(1) An understanding of the custodial responsibility of the Office of the Comptroller. In addition to being the financial adviser to the Agency, the Comptroller is responsible to the taxpayer through the Congress, General Accounting Office, and the Bureau of the Budget that the funds granted to the Agency are spent for the purpose intended and within the provisions of laws and regulations governing the spending of public funds. For example, there are laws and regulations applicable Government-wide covering the use of funds for travel. Such laws and regulations account for many of the procedures issued by the Office of the Comptroller. The procedures are not designed, as many complain, to pry into operating affairs but are necessities to fulfill the custodial responsibility.

(2) The creation of cost consciousness on the part of all personnel. The Congress has passed many laws concerning the conservation of financial resources the latest being Public Law 863, approved 1 August 1956. Cost consciousness is an awareness throughout all levels of the Agency of performance and the cost of doing business. This awareness is attention to two major aspects of cost; first, the comparison of the actual direct costs of operations with what those operations reasonably should cost; and second, the cost effect of demands on other offices to furnish services to operations. This means we will have to develop standards to measure and evaluate the cost of performance. In essence we are required to assure the taxpayer that our functions are carried out economically, and that assets of all kinds are properly accounted for and properly utilized.

(3) A better understanding of the basic financial policy of the Agency. The basic policy is to conduct operations in the most economical manner possible and to obligate and expend funds in accordance with the laws and regulations established for the

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United States Government. In general, these laws and regulations apply to what the Agency refers to as vouchered funds.

The Agency's approach in applying this financial policy is to use vouchered funds to the maximum extent possible consistent with the requirements of operational security. Large portions of Agency activities, while highly classified, can conform to normal Government procedures and can therefore be funded without the exercise of the special confidential funds authority granted to the Director in Public Law 110. There has been a continued effort to encourage Agency components to utilize vouchered funds for program and activities whenever appropriate. For the support of strictly covert operations, however, and for extraordinary or emergency requirements, where the nature of CIA activities precludes compliance with other statutes and procedures and normal Government audit, Agency funds are expended under the authority given in Public Law 110 which makes the certification of the Director of Central Intelligence a final accounting to all outside agencies. This permits the Agency to conduct all audits internally on the so-called confidential or unvouchered funds.

In implementing this policy we have two responsibilities; first, to establish accounting controls for the proper maintenance of records of obligations and expenditures of vouchered and confidential funds, and second, instilling in each officer and employee the necessity for making proper, honest, and effective use of funds.

2. This Office can expand the foregoing suggested speech material to any degree you wish.

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E. R. BARNERS
Comptroller

JLB/ss
Distribution:
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